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East Asia Review

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EAST ASIA REVIEW (U)

20 February 1979

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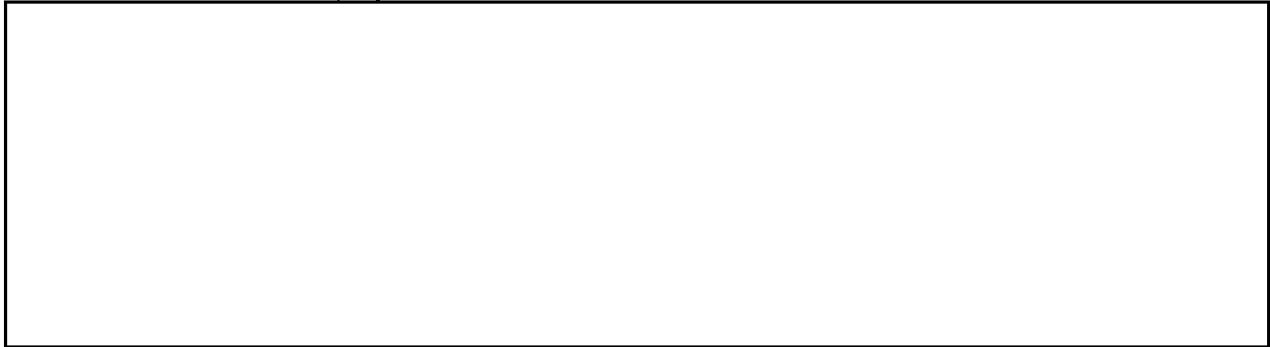
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Japan and Vietnam: Tokyo's Foreign Policy Tightrope (U)

Vietnam's military intervention in Kampuchea has complicated Japan's policy of developing its relations with Hanoi while at the same time servicing its more important economic and political ties with the member states of the Association of Southeast Asian Nations (ASEAN). The Sino-Vietnamese conflict, in turn, has posed further problems for Japan's policy in the region. Tokyo has protested Hanoi's involvement in Kampuchea and has directly linked its future economic aid to Vietnamese behavior. Although the Japanese have also protested China's invasion of Vietnam, they have not considered any related sanctions directed at their economic ties with Beijing--an approach that may well draw fire from Hanoi later on. In general, Tokyo is trying to keep its distance from the Sino-Soviet dimension of the Indochina imbroglio. []

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Tokyo has essentially followed a three-pronged approach in attempting to manage its policy in Southeast Asia since the onset of the Kampuchean invasion:

- Tokyo suspended final action on its fiscal year 1979 aid and economic assistance program for Vietnam scheduled for implementation in April in order to underscore its displeasure with Hanoi's actions.
- The Japanese have emphasized their desire for continuing close connections with the ASEAN group. As further evidence of their concern over events in Indochina, Tokyo last month also doubled its aid to Thailand.
- Finally, the Japanese have clearly steered away from even the suggestion that they share Beijing's position on the Sino-Soviet aspect of the Indochina conflict, including the application of the "anti-hegemony" principle in the Sino-Japanese peace and friendship treaty. []

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25X1 Tokyo decided it would fulfill its financial assistance pledges to Vietnam in the current fiscal year, which ends in March, but suspend grant aid worth \$20 million and loans totaling \$50 million that had been pledged for the fiscal year 1979, pending a review of further developments in Kampuchea. In doing so, Tokyo believes it has shown its own displeasure with Hanoi's actions without severing its connection with the Vietnamese. Moreover, the Japanese also do not want to jeopardize the overall arrangements that underlie their normalization of relations with Hanoi, including the Vietnamese agreement to assume the debts owed Japan by the former South Vietnamese Government. [redacted]

25X1 Japan has largely followed the ASEAN lead in its public reaction to Vietnamese intervention in Kampuchea. Like the ASEAN states, Japan wants to leave the door open to better relations with Hanoi in the future. Tokyo, however, has also responded to ASEAN's interest in more direct Japanese support. Indeed, ASEAN remains Japan's foremost trading partner and the primary focus of interest in Southeast Asia. As such, Tokyo has moved to step up its aid to Thailand by doubling its loan commitments--to \$233 million--and providing further aid over the longer term to bolster Thailand's vulnerable rural northern areas. [redacted]

25X1 Tokyo's desire to keep its distance from the Sino-Soviet dimension of the Indochina conflict has also been an important element in Japanese behavior. For their part, the Japanese have avoided committing themselves to either the Pol Pot regime backed by China or the new Soviet/Vietnamese-sponsored revolutionary front in Kampuchea. This has obviously irked Beijing, which clearly would like more active political backing from Tokyo. The Chinese will doubtless maintain their pressure for a more forthright Japanese stance, but Tokyo has already made it known that it has no intention of allowing Beijing to use Japan's subscription to antihegemony in the peace and friendship treaty as a means of influencing Japan's position. Since the Chinese invasion of Vietnam, Tokyo has urged restraint by all parties involved, including the Soviet Union. Indeed, similar to its earlier representations to Hanoi regarding its forces in Kampuchea, Tokyo has formally requested that China withdraw its troops from Vietnam. [redacted]

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Some Japanese Foreign Ministry officials have reportedly argued that a neutral stance will maximize Japan's future ability to mediate the Indochina problem. Although Tokyo has always maintained it could play a bridge-building role in the region, the prospects for that kind of political activism are slim. [REDACTED]

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However, Tokyo's apparent unwillingness to apply the same economic leverage on China that the Japanese have applied to Hanoi may well raise problems for Tokyo in the months ahead. Indeed, Hanoi is likely to focus on Japan's tolerant economic approach to China--Tokyo's far more important economic partner--and in so doing put pressure on Tokyo eventually to balance its dealings with the two Communist antagonists. [REDACTED]

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Japan - South Korea: Joint Development Zone
Negotiations (C)

The failure of Japan and South Korea to designate companies to conduct oil drilling operations in the joint development zone--an area of 83,000 square kilometers south of the Japanese island of Kyushu in the East China Sea--could cause delays in the implementation of the continental shelf agreement that calls for joint exploitation of the zone's natural resources. Although Seoul is anxious to proceed with exploratory drilling, Tokyo seems hesitant out of fear of irritating Beijing (Peking) and of jeopardizing the prospects for Sino-Japanese joint offshore oil development projects currently under negotiation. China claims that the joint development zone violates the vaguely defined Chinese continental shelf in the East China Sea and has consistently protested Japanese and South Korean plans to conduct oil drilling operations there. [REDACTED]

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Japan and South Korea have disputed the delimitation of the continental shelf in the Sea of Japan and in the East China Sea since the early 1970s. In 1974 they signed an agreement establishing a boundary in the northern part of the continental shelf and creating a joint development zone in the southern part. Although Seoul ratified the agreement soon after the signing, Tokyo delayed ratification until June 1977 and did not pass the enabling legislation until June 1978. The agreement stipulates that the zone shall be divided into subzones, each of which shall be exploited by concessionaires of both governments. One operator will have exclusive control over all activities in each mining zone and will be responsible for expenses, equipment, material and personnel necessary for conducting such operations. Natural resources--defined as petroleum, natural gas and underground minerals--shall be shared in equal proportions between the concessionaires. If the concessionaires cannot agree upon the operators within three months after such concessions have been authorized, then their respective governments will resolve the issue. If the governments cannot agree they will draw lots to choose the operators. [REDACTED]

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Tokyo and Seoul reportedly named concessionaires for the four main subzones in the joint development zones last summer. The Japan-Korea Joint Commission--established to implement the continental shelf agreement--held its first meeting in November; it set up working-level committees to deal with the application of domestic laws, fishing activities, taxes, marine pollution and telecommunications in the joint zone. Meanwhile, private Japanese and South Korean companies have been unable to agree on who would conduct operations in two of the most promising subzones. Private negotiations failed to reach agreement and subsequent government-to-government talks also failed to break the deadlock. The two sides reportedly planned to meet again 20 February, but if operators cannot be selected by 21 February, the governments must choose by drawing lots. [REDACTED]

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Japan's readiness to sign a continental shelf agreement with the South Koreans was motivated in part by a desire to reduce the tension in Japanese - South Korean relations that had been caused by overlapping claims on the shelf in the East China Sea. Japan also wants to exploit offshore oil and natural gas resources in order to alleviate the financial strain caused by importing 99 percent of its petroleum needs. [REDACTED]

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The Japanese Government, however, may be reluctant to participate in exploratory drilling activities with South Korean and American oil companies in the joint development zone because it might anger China. Beijing has objected to the Japan-Korea shelf agreement as a "flagrant infringement of Chinese sovereignty" and has termed its claims over the East Asian continental shelf "inviolable." Tokyo does not wish to jeopardize the excellent prospects for Sino-Japanese cooperation in the development of Chinese offshore oil resources in the Pohai Gulf and possibly in the South China Sea. Moreover, Tokyo may profit more in the long run from cooperation with Beijing, given China's potentially huge oil and natural gas resources and growing market for Japanese manufactured goods. Tokyo may stall for time in the negotiations with Seoul pending the outcome of current Sino-Japanese negotiations. [REDACTED]

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Japan's Prime Minister Ohira: Compromising With
the Right (U)

Prime Minister Ohira's recent endorsement of a controversial bill designed to legalize the imperial era dating system--a calendar arrangement that dates the year according to the reign of the emperor--is his latest attempt to placate the more conservative wing of the ruling party.* Ohira, who is himself identified with middle-of-the-road elements in the Liberal Democratic Party (LDP), has been faced with more assertive behavior by the right since he assumed the office of prime minister in December.

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Although the extreme right wing in Japanese politics has long advocated restoration of the imperial calendar to its pre-World War II official status, the LDP until now has hesitated to introduce the legislation in the Diet because of strong opposition from the Socialist and Communist Parties and the fear of evoking unpopular memories of the war. Over the last 30 years, however, public sentiment has changed somewhat and polls now indicate that 80 percent of the people support the imperial dating system; indeed, 43 of Japan's 47 prefectural assemblies have adopted resolutions in favor of the bill. In tactical terms, the leftist parties, which oppose the bill, are in disarray in the Diet--a situation that almost certainly contributed to Ohira's decision to introduce the bill.

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Legislation concerning the imperial calendar has traditionally been tied to another contentious issue--the perpetuation of the imperial system. Under the post-war constitution, the Emperor has been reduced from the central source of national authority to a symbol of state. The leftists, however, would like to see the imperial system abolished entirely since proponents of the system value the Emperor as a symbol of traditional values in opposing Socialist and Communist ideologies.

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*Legalizing the imperial calendar would, in practice, be of little consequence since both the government and business have over the years used the Japanese and Western calendars interchangeably.

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The LDP right wing has rebuffed Ohira on at least two occasions over his nominations for important political posts. Ohira's installation as Prime Minister was itself delayed for a day by dissent over his selection of a member of his own faction for the post of LDP Secretary General. Extreme rightwingers, such as former Minister of Agriculture Ichiro Nakagawa, orchestrated the protest, which was finally resolved by Ohira's agreement to put forward a less prominent lieutenant from his own faction as the party's secretary general. By the same token, Ohira's choice of a leading member of the extreme right wing group, Seirankai, as his new Minister of Agriculture, Forestry, and Fisheries was another effort to appease the rightists. [REDACTED]

Ohira also compromised in the selection of the Speaker of the lower house. The Prime Minister's first choice, Hajime Fukuda, was vigorously opposed by the right on the grounds that he was too close to Ohira and to his principal ally, former Prime Minister Kakuei Tanaka. Ohira consequently agreed to endorse the rightwing candidate, Hirokichi Nadao, who is known for his "hawkish" views and close ties with Taiwan. [REDACTED]

Prior to becoming Prime Minister, Ohira--as the LDP Secretary General--demonstrated considerable skills in consensus building and in particular, soliciting cooperation from the opposition parties. He will almost certainly also apply these skills to his efforts to manage intraparty relations and handle the right wing of the LDP. [REDACTED]

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Malaysia: Refugee Problem (U)

Malaysia, increasingly exasperated over a Vietnamese refugee burden it feels is not of its making, continues to push for accelerated resettlement in third countries of more than 50,000 "boat people" who are now in camps on its South China Sea coast. [REDACTED]

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Malaysia hopes to win support for a UN-funded, island holding center for refugees. This arrangement would remove them from Malaysian soil and thus ease the threat of incidents between them and the Malaysian populace, which resents what it sees as preferential treatment of the refugees. The island idea, broached by Malaysian Home Minister Ghazali at the international refugee consultations in Geneva in December, is being pursued by Indonesia, which has offered one of its islands off Singapore. Indonesian Foreign Minister Mochtar is currently soliciting the views of the other Southeast Asian nations which, although not as burdened as Malaysia, have all experienced the refugee problem to some degree. [REDACTED]

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Before affirming its offer of a site for a centralized refugee processing center, Indonesia wants assurances from potential resettlement countries that it will not be left with a residue of refugees nobody wants. Getting such assurances will be the major roadblock to creation of the refugee center. Indonesia feels Malaysia has a legitimate complaint in that refugees accepted by third countries so far have been the most qualified, leaving Malaysia with those most difficult to assimilate. Indonesia does not want to find itself in a similar predicament. [REDACTED]

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Malaysia believes it has done more than should be expected of it in giving refuge to the boat people. It showed little hesitancy in giving permanent asylum to 2,000 Kampuchean Muslims who fled the Communist takeover of Kampuchea in 1975. However, the Vietnamese refugees--coming ashore on an average of 9,000 a month for the past four months--cannot be so readily assimilated. Malaysia's

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east coast, where nearly all refugee boats have beached, is the poorest and most solidly Malay, Muslim, and conservative part of the country. The fact that about two-thirds of recent arrivals are ethnic Chinese has serious implications for the always sensitive relations between Malays and resident Chinese. Kuala Lumpur, mindful of the race riots of 1969, fears that any incidents on the east coast could set off countrywide disturbances. So far, the refugee situation has not been a financial burden on Malaysia. Care of the refugees has been internationally funded, but the administrative, security, and police burden on Malaysia has nevertheless been significant and is growing each month. [REDACTED]

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Recent comments by Prime Minister Hussein that Malaysia can accept no more refugees are a measure of Kuala Lumpur's desperation. The Malaysians now seem more disposed to turn away vessels attempting to unload refugees. Malaysia is grateful for US efforts to speed up the processing of refugees. In the absence of assurances from other resettlement countries, however, the prospect of adverse international attention to a harsher policy toward refugees is of less concern to Kuala Lumpur than that of an unending flow of unwanted people. [REDACTED]

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Philippines: The Muslim Conflict (U)

President Marcos is again taking steps to protect his human rights image as fighting intensifies in the southern Philippines between Muslim insurgents and Philippine armed forces. [REDACTED]

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Marcos is undoubtedly reluctant to provide further ammunition to critics of his martial law regime, particularly during the review in the US Congress of the recently concluded amendment to the bilateral Military Bases Agreement--which in addition to substantial concessions to Philippine sovereignty will guarantee the Marcos government \$500 million in compensation over the next five years for the use of the bases. [REDACTED]

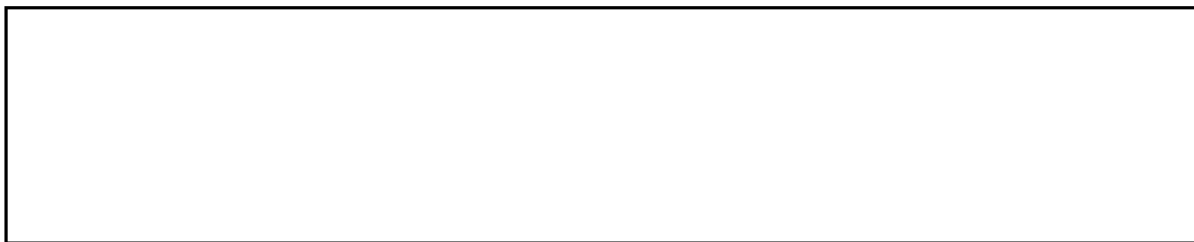
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The Philippine leader is probably concerned that the seriousness of the current situation--many observers are claiming that the fighting is worse than it was three years ago--may lead to publicized accounts of military abuses against Muslim civilians. Indeed, the Marcos government is consistently held up to opprobrium for its failure to negotiate a settlement with the rebels, and Marcos may believe that the world Muslim community will focus even greater attention on the situation in the Philippines in the wake of developments in Iran. The Islamic foreign ministers' conference is set to hold its tenth annual meeting this May in Morocco, and the insurgency in the Philippines is a major issue on the agenda. [REDACTED]

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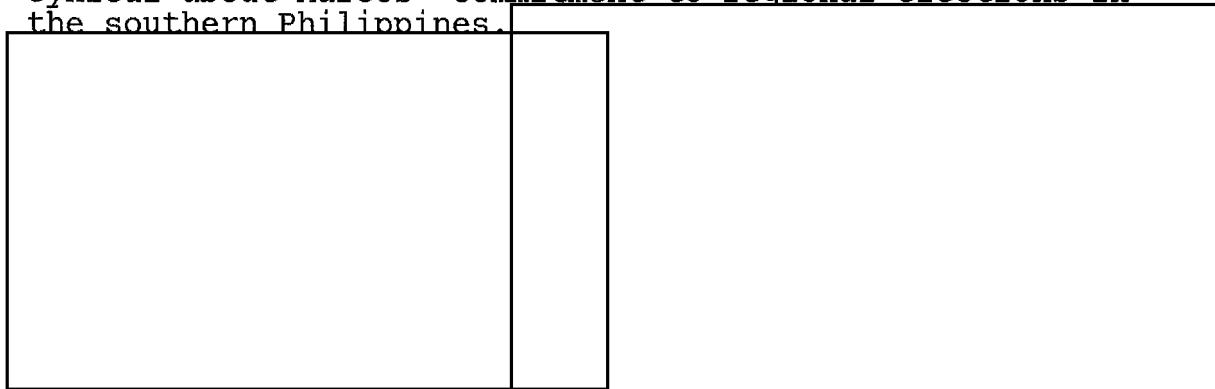
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Despite the government's professed intention to reach a settlement of the conflict, most observers are openly cynical about Marcos' commitment to regional elections in the southern Philippines.

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Chronology: North and South Korean Reunification Talks (U)

- 19 January South Korean President Pak, at the annual New Year's press conference, again calls for a resumption of North - South Korean talks. He appeals for talks "at any time and at any level" without preconditions.
- 23 January North Korea, while welcoming President Pak's call for North-South talks, puts forward what is in effect a counteroffer to convene in September a "pan-national congress" composed of representatives of all political parties and social organizations of the two Koreas. Conveyed in a statement by the Central Committee of the Democratic Front of the Reunification of the Fatherland (DFRF), Pyongyang's four-point proposal calls for the two sides to:
- Reconfirm on 1 February the principles of the 4 July 1972 joint statement.
 - End polemic attacks on each other on 1 February.
 - Effective 1 March stop all hostile military actions in all areas along the Military Demarcation Line and stop any military exercises.
 - Send representatives to a preliminary meeting in Pyongyang in early June to plan a pan-national congress in early September.

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25 January North Korean Vice President Pak Song-chol, on behalf of the party and government, issues a statement calling for implementation of the four-point proposal proclaimed on 23 January by the DFRF.

26 January Minister of Culture and Public Information Kim Song-chin, acting as spokesman for the South Korean Government, issues a statement proposing that "responsible authorities" of the two sides hold preliminary talks before June either in Seoul or Pyongyang.

27 January The Secretariat of the DFRF, taking note of South Korea's proposal on 26 January, issues a statement proposing that the preliminary meeting of working-level representatives be moved up from June to "as early in April as possible."

29 January A spokesman of the South Korean Ministry of Culture and Public Information, brushing aside the DFRF statement on 27 January, calls for responsible North Korean authorities to make a sincere response.

31 January Min Kwan-sik, Acting Chairman of the North-South Coordinating Committee (NSCC), urges Pyongyang to agree to early resumption of the activities of the Committee--the mechanism for dialogue set up in the early 1970s. He also urges immediate restoration of the Seoul-Pyongyang hotline.

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- 12 February The Seoul side of the NSCC proposes that the vice chairmen of both sides of the NSCC "have contacts" on 17 February at Panmunjom to discuss the resumption of regular meetings of the committee, which has not formally convened in plenary session since June 1973.
- 13 February A spokesman for the DFRF, putting aside South Korea's call for NSCC contacts, says North Korea will send its liaison representatives to Panmunjom on 17 February.
- 15 February A spokesman for the South on the NSCC says South Korea will send a four-man official delegation to Panmunjom on 17 February headed by acting chief NSCC negotiator Min Kwan-sik.
- 17 February Representatives of the two sides put forward their respective positions at an 80-minute meeting in Panmunjom. They agree to have a second "contact" on 7 March.

The information in this article is unclassified.

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